

Message Text

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PAGE 01 KIGALI 00280 150936Z

42

ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 EB-11 COME-00 OPIC-12 XMB-07

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FM AMEMBASSY KIGALI

TO SECSTATE WASHDC 2971

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: EGEN

SUBJ: US INVESTMENT PROPOSAL AND THE FED

STATE FOR AF/C

1. EMB UNDERSTANDS GOR OPPONENTS TO WERTHEIM TEA INVESTMENT PROPOSAL ARE USING HIS APRIL 30 LETTER ON SOMEWHAT DISCOURAGING INTERNATIONAL FINANCING POSSIBILITIES (WE ASSUME AF/C HAS COPY) TO DISCREDIT PROJECT. ONLY VIABLE POSSIBILITY CURRENTLY APPARENT IS USE OF \$500,000 FED FUNDS (LEFTOVER FROM ITS THIRD TRANCHE PACKAGE) CURRENTLY IN RWANDAN DEVELOPMENT BANK. ACCORDING LOCAL FED OFFICIALS, FED IS FORECLOSED FROM USING SUCH FUNDS SINCE IT FAVORS PLANTATIONS RATHER THAN TEA FACTORIES AND/OR WERTHEIM IS NON-EEC INVESTOR.

2. RIBANJE (DIRGEN OCIR TEA DEPARTMENT) RECENTLY VISITED BRUSSELS AND DISCUSSED FED PROJECTS. NOTWITHSTANDING REPORTED FED POLICIES, HE BELIEVES GUNTHER GRUNER, FED OFFICIAL " IN CHARGE" RWANDAN PROJECTS, MAY ELICIT FAVORABLE FED RESPONSE. UNFORTUNATELY, RIBANJE IS NOT A VERY RELIABLE OFFICIAL.

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PAGE 02 KIGALI 00280 150936Z

3. COMMENT: IN VIEW LOCAL TECHNICAL ASSISTANCE POLITICS,

WE ARE UNCERTAIN IF DESCRIPTION FED POLICIES OUTLINED
PARA 1 ACCURATE. EVEN IF IT IS, FED HAS VESTED INTEREST
IN MAKING EXCEPTION FOR RWANDA SINCE TEA FACTORY WOULD
BE USED PROCESS TEA FROM FED-FINANCED PLANTATIONS
WHOSE OUTPUT WILL SOON EXCEED PROJECTED IN-COUNTRY
PROCESSING CAPACITY.

4. FOR AF/C: RECOMMEND CONTENTS THIS CABLE BE PASSED
TO WERTHEIM.

5. FOR EC BRUSSELS: WOULD APPRECIATE ANY COMMENT ON
FED POLICY CONCERNING PARTICIPATION WITH NON-EEC INVESTORS.
FOR YOUR BACKGROUND, WERTHEIM TEA IMPORTERS INC. PROPOSAL
ENVISAGES TOTAL \$1.8 MILLION INVESTMENT IN TEA FACTORY
AND SALES COMPANY. TEA FACTORY CAPITAL WOULD BE BASED ON
RWANDAN DEVELOPMENT BANK, SALES COMPANY PARTICIPATION
AND INTERNATIONAL FINANCING. SALES COMPANY
WOULD HAVE 49 PERCENT OWNERSHIP GOR (OCIR/TEA) AND 51 PER-
CENT (\$200,000) WERTHEIM. LETTER OF INTENT BETWEEN GOR
AND WERTHEIM SIGNED MARCH 10. EMB HAS BEEN DEEPLY INVOLVED
IN NEGOTIATIONS SINCE WERTHEIM WOULD BE FIRST US INVESTMENT
IN RWANDA, SUPPORT NEW GOR INTEREST IN FOREIGN PRIVATE IN-
VESTMENT AND MAKE IMPORTANT CONTRIBUTION TO GOR ECONOMIC
DEVELOPMENT IN ITS NO. 2 AGRICULTURAL EXPORT INDUSTRY.
FRITTS

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